

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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TO SECSTATE WASHDC 4386
INFO AMEMBASSY CANBERRA
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AMCONSUL PERTH
AMEMBASSY TOKYO

C O N F I D E N T I A L MELBOURNE 0594

E O 11652 GDS
TAGS EINV, PINT, ECON, AS
SUBJ: FEDERAL OPPOSITION LEADER COMMENTS ON FUTURE OF CHRYSLER
AUSTRALIA

1. IN PRESS CONFERENCES HELD AFTER TOUR OF FORD PLANT NEAR MELBOURNE, FEDERAL OPPOSITION LEADER BILL HAYDEN REPORTEDLY COMMENTED THAT A QTE MOTORING MANUFACTURER UNQTE LOCATED IN CAPITAL CITY OUTSIDE OF MELBOURNE (CHRYSLER IN ADELAIDE, SOUTH AUSTRALIA, IS ONLY SUCH MANUFACTURER) QTE HAS ITS BACK TO THE WALL AND IS LIKELY TO GO UNDER UNQTE. HIS COMMENTS WERE WIDELY REPORTED IN AUSTRALIAN NEWS MEDIA APRIL 19, 20, AND 21.

2. COMOFF CONTACTED CHRYSLER AUSTRALIA'S USCIT CHAIRMAN AND MANAGING DIRECTOR, T J ANDERSEN, FOR HIS REACTION TO HAYDEN'S STATEMENT. ANDERSEN STRONGLY DENIED ANY SUCH POSSIBILITY (AS DID FIRM'S DEPUTY M. D. AND PUBLIC RELATIONS STAFF IMMEDIATELY AFTER HAYDEN'S STATEMENT) AND OPINED THAT IN FACT ALLEGATION CHRYSLER WAS GOING OUT OF BUSINESS ACTUALLY ORIGINATED WITH FORD WHICH HAS, ACCORDING TO ANDERSEN, A CONTINUING WORLDWIDE POLICY TO SHAKE CONFIDENTIAL

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CONFIDENCE IN VIABILITY OF CHRYSLER OPERATIONS WHENEVER POSSIBLE; ANDERSEN SAID HE HAD SEEN SIMILAR CAMPAIGNS IN SIX FOREIGN COUNTRIES IN WHICH HE HAS WORKED.

3. IN ADDITION, THE SOUTH AUSTRALIAN ACTING PREMIER, J D CORCORAN (ALP) ALSO REJECTED HAYDEN'S ASSERTION. (SOUTH AUSTRALIA HAS A LABOR GOVT.)

4. ANDERSEN, OF COURSE, DIDN'T HIDE FACT THAT 1977 WAS A DISMAL YEAR FOR FIRM'S AUSTRALIAN OPERATIONS - IT SUFFERED ITS LARGEST EVER LOSS OF APPROX A\$28 MILLION (US\$32.2 MILLION APPROX) EVEN AFTER LARGE SCALE LAY-OFFS - BUT BELIEVED THAT 1978 WOULD BE BETTER. HE FELT THAT OPERATIONS THIS YEAR WOULD STILL RESULT IN A LOSS, BUT NOT OF LAST YEAR'S MAGNITUDE AND THAT THROUGH RECENTLY INTRODUCED MITSUBISHI SIGMA MODEL WHOSE SALES HAVE TAKEN OFF, FIRM'S PROSPECTS HERE ARE BRIGHT. (ANDERSEN DECLINED TO COMMENT ON REPORTS THAT MITSUBISHI WIL BE TAKING AN UNSPECIFIED EQUITY POSITION IN CHRYSLER AUSTRALIA.)

5. ANDERSEN ALSO EXPRESSED CONFIDENCE IN FITURE OF HIS COMPANY BY POINTING TO A PLANNED A\$44 MILLION EXPANSION, PART OF WHICH IS EAR-MARKED FOR NEW PLANT AND EQUIPMENT TO PRODUCE AN ADVANCED MITSUBISHI-DESIGNED FOUR-CYLINDER ENGINE FOR USE IN CHRYSLER'S AND OTHER FIRM'S PRODUCTS. ANDERSEN INDICATED THAT WITH PROPER EXPORT INCENTIVES

(UNLIKE THOSE RECENTLY ANNOUNCED, WHICH HE SAID WERE QTE OF NO INTEREST UNQTE), THE FIRM MIGHT IN FUTURE BE ABLE TO EXPORT IN EXCESS OF 30,000 OF THESE ENGINES.

6. COMMENT: WE BELIEVE CHRYSLER AUSTRALIA WHILE HAVING SEEN BETTER DAYS, IS NOT RPT NOT LIKELY TO CLOSE DOWN, ALTHOUGH LIKE MUCH OF THE AUSTRALIAN MANUFACTURING INDUSTRY, IT IS FACING STRUCTURAL PROBLEMS. ONE MAY SPECULATE AS TO THE REASONS BEHIND HAYDEN'S REMARKS
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WHICH CAN ONLY SERVE TO UNDERMINE PUBLIC CONFIDENCE IN CHRYSLER AND CAN HARDLY BE VIEWED AS A CONSTRUCTIVE APPROACH TO AIDING DOMESTIC INDUSTRY.

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